March 1, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station – 2nd Floor
Boston, MA 02110

RE: D.T.E. 04-116

Dear Secretary Cottrell:

The Department of Telecommunications and Energy (Department) established service quality guidelines to be included in performance-based regulation plans for gas and electric distribution companies. The Department subsequently approved SQ plans for all gas and electric distribution companies incorporating the Guidelines for a three year term, and after three years the plans would be subject to review. On December 13, 2004 the Department opened an investigation on its own motion regarding service quality guidelines for electric and gas distribution companies to determine what, if any, changes are needed.

These service quality guidelines established by the Department in 2001 are one of the benefits the Restructuring Act in Massachusetts has had for customers. In D.T.E. 04-116, the Department requested comments on a number of specific topics. This proceeding offers an important opportunity to review present guidelines and make some refinements where necessary to insure reasonable service quality guidelines that will continue to benefit all consumers in Massachusetts.

The following are Associated Industries of Massachusetts (A.I.M.) comments in the proceeding (note: offsets and service quality incentives will be addressed in one comment).

- **Offsets**: Offsets should be permitted as an incentive to the local distribution company (LDC) to improve service quality. However it is important that penalties are balanced so that they motivate management to make the appropriate changes, without damaging the financial health of the LDC. Offsets should be limited only to closely related performance measures (e.g., good performance in billing or meter reading should not offset poor reliability performance). There should be an opportunity for the LDC to "bank" penalties for a limited amount of time if the penalty is related to the same standard.

- **Staffing levels**: Unless there is significant documented evidence that supports degradation in customer service, there should be no penalty provision for staff reductions since 1997.

- **Odor calls**: The Department states in its December 13, 2004 motion, that to open an investigation regarding service quality guidelines, the current benchmark set at 95 percent is an obtainable goal for all gas LDC's. Since this is a minimum standard, this benchmark should not be included in any proposed offset provision.

- **Standardization of service quality performance benchmarks**: It may be appropriate for the Department to explore a broader-than-company benchmark in some areas of service quality. It should never be acceptable for repeated sub-standard performance in an area to become the benchmark. Whatever methodology is considered, benchmarks should reflect reasonable customer expectations. Data on such expectations could be collected through customer surveys (perhaps a hybrid of surveys done in other states) that could be developed through participation in a technical session with Department staff, utilities, and interested stakeholders.

- **Customer service guarantees**: LDC's are currently required to pay $25 if they fail to meet a scheduled service appointment or fail to notify a customer of a scheduled outage. LDC's should be required to pay regardless of whether the customer requests the payment, but not if the LDC reschedules the appointment within four hours of the original appointment.

- **Property damage**: Although property damage should continue as a reporting requirement, and part of informational filings, it should not be made a penalty measure.

- **Line loss**: The Department has heard in previous proceedings that line losses are a significant financial issue, particularly for commercial and industrial customers. There needs to be some form of standardized data collection that will provide the Department with concrete information to begin to move forward with cost estimations and a reasonable solution to address this problem.

- **Double poles**: Existing poles should be removed within a reasonable time frame. However, LDC's should not be held responsible for a problem that is not completely within their control. The solution should include required coordination with cable and telephone companies.

- **SAIDI/SAIFI**: In order to refine definitions and promote consistent reporting, it may be appropriate for the Department to develop new definitions that define a common platform for benchmarking.

A.I.M. appreciates the opportunity to provide comments and looks forward to participating in this process.

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me at 617-262-1180.

Sincerely,

Angela M. O'Connor
Vice President of Energy Policy

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